

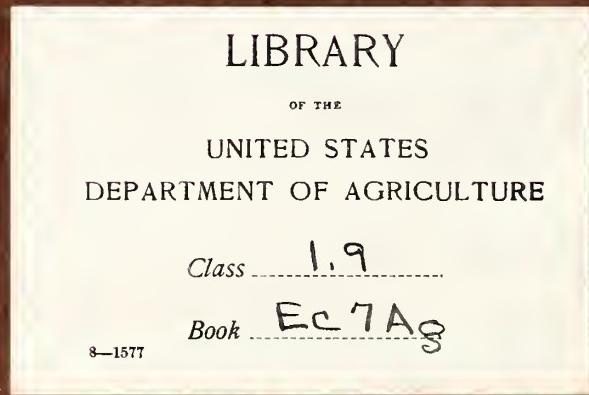
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U.S. DEPT. OF AGRICULTURE. BUREAU OF AGRICULTURAL ECONOMICS.

The agricultural outlook. April 1923.





THE AGRICULTURAL OUTLOOK

APRIL, 1923

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BUREAU OF AGRICULTURAL ECONOMICS

U. S. DEPARTMENT OF AGRICULTURE

Washington, D. C.

April
2001

INTRODUCTORY NOTE

The Crop Reporting Board of the United States Department of Agriculture issued at 11 a.m., April 20, a summary of reports from many thousand farmers in all parts of the United States, setting forth their intentions regarding crop acreages to be planted this spring.

In connection with the issuance of this summary it was felt that a comprehensive estimate of the general agricultural outlook would be of especial value to producers at this time.

At the request of Secretary Wallace, Dr. H. C. Taylor, Chief of this bureau, invited a group of well-known economists and statisticians to meet at Washington to consider the report on intended crop plantings; and to prepare a statement on the general factors now underlying the agricultural situation with a view to furnishing all possible basis for intelligent adjustment of production to demand.

This group met at the Department on the morning of April 20. It divided into sub-committees for consideration of specific subjects and the first day was devoted to work of these sub-committees.

The following day, April 21, the entire group assembled in the Crop Reporting Board room in executive session. The "Committee of the Whole" thereupon considered the sub-committee reports and drafted a condensed general statement on agricultural outlook which was made public at 3 p.m. The general statement together with reports of the sub-committee are included herewith. The character and well-informed status of the men who comprised this group make this report of considerable significance to extension men.

George E. Roberts	National City Bank	New York City
Carl Snyder	Federal Reserve Bank	" " "
Wesley C. Mitchell	Bureau of Economic Research	" " "
B. M. Anderson, Jr.,	Chase National Bank	" " "
E. W. Wentworth	Research Dep't, Armour Co.,	Chicago, Ill.
B. W. Snow	Bartlett-Frazier Co.	" " "
Wm. G. Reed	Geo. H. McFadden & Bro.	Philadelphia, Pa.
Warren M. Persons	Harvard University	Cambridge, Mass.
Geo. F. Warren	Cornell University	Ithaca, N. Y.
F. A. Pearson	" "	" " "
Thomas S. Adams	Yale University	New Haven, Conn.
H. A. Wallace	Corn Belt Meat Prod. Ass'n	Des Moines, Ia.
H. W. Moorhouse	Farm Bureau Federation	Chicago, Ill.
H. G. Moulton	Institute of Economics	Washington, D. C.
Walter W. Stewart	Federal Reserve Board	" "
Wm. T. Foster	Pollack Foundation for Research,	Newton, Mass.
F. M. Surface	Dep't. of Commerce	Washington, D. C.
E. G. Montgomery	" " "	" "

SPECIAL REPORT ON FARMERS' INTENDED PLANTINGS

11:00 a.m. April 20, 1923.

The Crop Reporting Board of the U. S. Department of Agriculture issues the following special report (the first of its kind), of farmers' intended plantings of the principal spring sown crops in 1923 compared with the acreage of such crops grown in 1922 also with the five-year average, 1918-22 and 1909-13. This report is based largely on reports received the first ten days in April from many thousands of crop reporters, giving actual acreage of crops grown on their own farms in 1922 and acres intended to be planted in 1923 on the same farms.

Details of the report are given below:

INTENDED PLANTING 1923.

CROPS	: Per Cent of : 1922 : past five : Acreage : years' acre- : : age. : : (1918-1922)	: Per cent of : five year aver- : age acreage. : (1909-1913).
Cotton per cent of Planted acreage:	112.0	109.0
Spring Wheat per cent of Harvested acreage	94.5	83.8
Corn"....."	102.6	103.2
Oats"....."	102.6	97.8
Barley"....."	105.7	100.5
Flax"....."	189.0	162.7
Irish Potatoes"...."	90.9	99.6
Sweet Potatoes"...."	97.5	107.6
Tobacco	110.0	108.9

An analysis of these and other statistics will be made by a committee of nationally known economists and statisticians in session in Washington.

Statements of the world agricultural outlook which will enable the agricultural producer to make such adjustments as will best meet the economic situation will be prepared. These statements will be released April 21.

APPROVED:

C. W. PUGSLEY,

ACTING SECRETARY.

W. A. Schoenfeld, Chairman

W. F. Callander, S. A. Jones,

G. K. Holmes, J. A. Becker,

L. M. Harrison,

Crop Reporting Board.

SPECIAL COMMENTS.

COTTON.

The intended plantings this year as a percentage of last year's planted acreage for the various cotton states are as follows:

Virginia.....	150 per cent	Louisiana.....	110 per cent
North Carolina	102 "	Tennessee	119 "
South Carolina	103 "	Texas	114 "
Georgia	101 "	Arkansas	111 "
Florida	130 "	Missouri	200 "
Alabama	113 "	Oklahoma	120 "
Mississippi	110 "	Arizona	121 "

Weather conditions since April 1, have been very unfavorable for the planting of cotton.

SPRING WHEAT.

Spring wheat intentions have been affected by the late spring. Minnesota and South Dakota show a 12% decrease compared with 1922. North Dakota 4%. The Far Western States show about the same as last year, Montana reporting 6% less, and Washington 10% more. An increase of 50% in Nebraska is due to the planting of spring wheat on some of the abandoned winter wheat acreage. In Minnesota, North Dakota and South Dakota there will apparently be a strong shift to flax.

CORN.

The intended increase of 2.6% for corn over 1922 is due to heavy increase in the Western Portion of the Corn Belt and in the Far Western States. A part of the increase will replace winter-killed wheat, especially in Kansas and Nebraska. The East North Central States show an increase of 3%, the West North Central States 3%, the increase in the Far Western group is 20%. Slight decreases are shown for most southern states.

OATS.

The intended increase in the United States of 2.6% in acreage of oats over 1922 results from increases of 6% in the East North Central States, 2% in the West North Central, 7% in the South Atlantic, 13% in the Far Western, and 1% in the North Atlantic, with a 7% decrease in the South Central Division.

BARLEY.

The United States shows an intended increase of 5.7% in barley acreage, compared with 1922, the East North Central States showing an increase of 10%, and the West North Central States an increase of 8%. The Far Western States show a decrease of 1%, a tendency to increase in the Mountain States being offset by a decrease in California.

FLAX.

The 1923 flax acreage in the United States will be almost double the acreage of 1922, according to early intentions, Minnesota showing 190%, North Dakota 200%, South Dakota 225%, respectively, compared with last year. The change in Montana and other States is moderate.

SWEET POTATOES.

A decrease of 2.5% for the United States is shown compared with 1922, reductions of about 10% being indicated in Delaware, Tennessee and Texas, and of 2% to 5% in New Jersey, the Carolinas, Mississippi and Louisiana. Elsewhere the intention is to maintain or slightly increase the acreage.

TOBACCO.

The intended increase of 10% in tobacco acreage over 1922 is the result of proposed material increases in practically all States, Kentucky and Tennessee showing an increase of 14%, Virginia 2%, North Carolina 6%, South Carolina 20%, New England 17%, Ohio 15%, Wisconsin 12% and Pennsylvania 8%.

POTATOES.

A decrease of 9.1% in acreage of Irish potatoes compared with 1922 is shown for the United States, decreases in important States being as follows:

Maine 7%, New Jersey, South Dakota, and Nebraska 15%, New York and Wisconsin 6%, Virginia 9%, Michigan 8%, Colorado 20%, North Dakota 25%, Idaho 22%.

REPORT OF THE COMMITTEE ON AGRICULTURAL OUTLOOK

The committee called by Secretary Wallace to consider the agricultural outlook and to prepare a statement which will provide a basis upon which readjustment to meet the economic situation may be made by agricultural producers, reported on foreign and domestic demand and certain leading products. This report will give a basis for interpreting the report on intentions to plant issued April 20 by the United States Department of Agriculture.

FOREIGN DEMAND

The foreign outlook, on the demand side, seems slightly less favorable to our farmers in 1923 than it was in 1922.

The favorable factors with respect to foreign demand are: First, the influence of American prosperity upon the demand for European goods, and second, the possibility that the slight business recovery that has occurred in a number of European countries may gradually gain momentum. Despite the tariff European exports to the United States in recent months have been considerably larger than for the same period a year ago. American prosperity increased purchases by the United States in South America, Asia, Africa, and Australia, which enables those countries to purchase somewhat more in Europe, thus giving Europe funds with which to buy United States foodstuffs and other commodities.

The unfavorable factors are: First, the progressive piling up of Government debts on the continent of Europe, with its effect upon exchange, currency, and business; second, the Ruhr situation.

The only possibility for an important increase in purchasing power lies in the ability of Europe to expand her manufactured exports. It is of the most vital interest to American agriculture that the United States lend aid in every way possible to the settlement of the reparation and other European problems. Revival in Europe has been much more marked in agriculture than in manufacturing.

It was necessary in 1920-21 to submit to great price reductions in farm products in order to get Europe to take them.

The prospect with reference to the supply of farm products for the coming year is that there will be at least no reduction in output in the United States. With some overflow of the business activity of the United States to the rest of the world, particularly the non-European part of the world, the prospect would rather be that there will be some increase in the production of foods in foreign countries. We can not, therefore, confidently offer any reason for the expectation that our farmers will meet any less severe competition in European markets during the coming year than they have met during the past year.

DOMESTIC DEMAND

The domestic demand for agricultural products will be active so long as the present prosperous condition of business with full employment continues. Beyond a period of six to nine months in the future most authorities at present hesitate to make business forecasts, but most competent observers seem to agree that we may expect general business prosperity to last at least six to nine months longer. If this opinion is correct, demand will be distinctly more active next autumn than it was last autumn in so far as the demand for farm products depends upon the purchases of American families not themselves on farms.

WHEAT

The American exports of wheat during the last two years were unusually large owing to the low exports from eastern Europe, and continued low production in some countries in Europe. These exports should not be taken as normal, nor be expected to continue permanently. The European countries are making efforts to put their grain production on a pre-war basis and as they become able to accomplish this it is to be expected that our exports will decline and that our production should be readjusted to meet these changing conditions.

The condition of the winter wheat crop in the United States is unfavorable. The intended plantings of spring wheat are 94.5 per cent of last year's acreage and weather thus far has been unfavorable for spring planting. The enormous net movement of 1,120,000 persons from farms to towns and cities in the two years ending with December 31, 1922, leaves the farms in an unfavorable position to meet emergencies.

The rainfall in the United States has such a dominating influence on the final production that in spite of unfavorable factors the supply may be so large as to keep prices low or if the rainfall is unfavorable, it may result in such a reduced production as to make farm prices rise.

COTTON

The world's consumption of American cotton in 1921-22 was about 12,600,000 bales; the indicated world's consumption for the year 1922-23 is not less than 13,000,000 bales. There is no evidence at present that the consumption of 1923-24 will fall below this figure.

The available information indicates, however, that the world carry-over of all cottons on July 31, 1923, will be 6,800,000 bales (largely of foreign short staple cotton) compared with 6,700,000 bales in 1922 and 10,500,000 bales in 1921, and that the use of American cotton will be little, if any, restricted on account of foreign production.

On the basis of farmers' intentions to plant 12 per cent greater acreage than they planted in 1922, the cotton acreage harvested in 1923 would be 36,888,000 acres. If the yield per acre in 1923 should prove to be the same as the average for the five years, 1918-22, the total crop would be 11,840,000 bales. If the yield should be the same as the lowest in the last five years (124.5 lbs.) the total crop would be 9,610,000 bales. If the yield should be the highest in the last five years (178.4 lbs.), the total crop would be 13,770,000 bales.

The indicated carry-over of lint cotton (including mill stocks) in the United States at the end of the present cotton season (July 31, 1923) will be 1,184,000 bales (Including 100,000 bales imported foreign cotton), compared with a carry-over of 2,832,000 bales in 1922; 6,534,000 bales in 1921, and 4,287,000 in 1920.

TOBACCO

The figures of intended planting raise serious questions. The intended planting for 1923 exceeds the acreage of 1922 by 10 per cent, the average acreage for 1918-1922 by nearly 9 per cent, and the average acreage for 1909-1913 by 55 per cent.

It is true that the general business situation warrants the expectation of an active demand from ultimate consumers for the next 9 months. This factor is favorable. But it is relatively an unimportant factor. In the main, since the cessation of extraordinary war conditions, the demand for leaf tobacco is comparatively inelastic. Conditions of production and supply in the main control. There is nothing in the probable demand sufficient to offset the contemplated increase of 10 per cent in planted acreage; particularly when we consider that the 1922 acreage was above the normal and that the trend of prices since 1920 has, on the whole, been downward.

CORN AND HOGS

The corn situation at this date is about normal, stocks on farms being almost exactly the same as the 5-year pre-war average. Between now and the time the new crop is harvested there will be some tendency toward corn shortage because of the larger number of hogs on feed.

Hog production has been heavy and is still in a state of expansion. Unless bad weather and other conditions have reduced the number of spring pigs to an unusual degree, the price of hogs may be depressed next fall and winter.

During the past winter more pounds of pork products were produced than in any previous winter in history, amounting to a 30 per cent increase over the preceding year.

The storage holdings of pork and lard were on April 1, 1923, 929 million pounds as compared to 677 million pounds on April 1, 1922, an increase of 37 per cent in the year, an equivalent on a liberal estimate for carcass weights of over 1,300,000 hogs. All products except lard show a distinct increase.

The prospect which producers must face before a year has elapsed in the absorption by domestic and foreign consumers of a surplus of over six million hogs and 250 million pounds of stored products. This represents a surplus of over seven million hogs, approximately 12% above last year's production.

Approved by the Committee as a Whole.

REPORT OF SUB-COMMITTEE ON FOREIGN DEMAND

The funds with which Europe may purchase American farm produce can be derived primarily only from the following sources:

1. Exports of commodities,
2. Export of gold,
3. Sale of paper currency abroad,
4. Sale of bonds abroad,
5. Tourist trade,
6. Shipping services, and
7. Charity, and immigrants' remittances.

Our conclusions with reference to the funds that may be derived from each of these sources in 1923, as compared with 1922, are as follows:

The ability to sell paper currency will be considerably less this year than last because Americans have pretty generally learned their lesson. Fewer European securities can be marketed in this country this year than in 1922, - unless there is a definite settlement of the reparations problem and the inauguration of a constructive program of European reconstruction. Charity and gifts of various sorts will hardly provide more revenue for Europe this year than last. The tourist trade, judging from applications for passports, may be considerably smaller than in 1922; while shipping earnings are not likely to show much change. In addition, Great Britain's ability to buy from the United States is obviously reduced by the fact that she has agreed to use a part of the proceeds of foreign sales to pay her debts to us.

If Europe is to buy as much as she bought in 1922, she will obviously have either to export more manufactured commodities or ship us more gold. We know European exports to the United States or to other countries must consist largely of manufactured goods. There appear to be certain favorable factors in this connection and at the same time, certain unfavorable ones.

The favorable factors are: First, the influence of American prosperity upon the demand for European goods. Despite the tariff European exports to the United States in recent months have been considerably larger than for the same period a year ago. American prosperity increases purchases by the United States in South America, Asia, Africa, and Australia, which enables those countries to purchase somewhat more in Europe, thus giving Europe funds with which to buy United States foodstuffs. The importance of the United States in world trade has become so tremendous that prosperity here has a beneficent influence everywhere. The second favorable factor is the possibility that the slight business recovery that has occurred in a number of European countries may gradually gain momentum.

The unfavorable factors are as follows: First, the progressive piling up of Government debts on the continent of Europe, with its effect upon exchange, currency, and business; Second, the economic difficulties in Japan; Third, the Ruhr situation.

It is impossible for anyone to forecast whether the favorable or unfavorable factors will be of preponderant influence during the course of the present year. Even if the unfavorable influences should result in reducing Europe's ability to obtain the means with which to buy American farm produce through the sale of exported manufactured commodities, purchases might still continue during the year at a volume fairly comparable to that of the year before. When other means fail, Europe can still use her remaining supplies of gold and her accumulated foreign balances to purchase food - however disastrous the sacrifice of this gold and these balances may ultimately prove to be.

The truth is that European purchases of American foodstuffs have, in considerable measure, thus far been maintained through the utilization of resources that can not permanently be relied upon. The only possibility for an important increase in purchasing power lies in the ability of Europe to expand her manufactured exports. If the reparation problem is not settled and if a program of reconstruction is not evolved, it is difficult to see how European industry can thrive. The occupation of the Ruhr is already having extremely depressing effects upon the industrial activity of continental Europe. It is of the most vital interest to American agriculture that the United States lend aid in every way possible to the settlement of the reparation and other European problems.

The basic fact is that the world's pre-war equilibrium has been broken. Agriculture, raw material production, manufacturing and shipping were pretty well balanced in 1913 throughout the world. Europe was the world's great center of manufacturing and the world's great market for foods and raw materials. Europe's loss of this pre-war position has left the world out of balance, with a relative excess of food production, and raw material capacity. This lack of equilibrium manifested itself in 1920 in the violent break in the prices of raw materials and farm products. Europe was not buying raw materials in anything like normal volume. Rather, she was buying finished manufactures from the outside world.

Our manufacturing capacity expanded though it has been by the war, could not work up all the raw materials of the world, and their prices broke violently. Revival in Europe has been much more marked in agriculture than in manufacturing, and it was necessary in 1920-21 to submit to great price reductions in farm products in order to get Europe to take them. With the collapse in the buying powers of farmers and producers of raw materials which these price reductions involved, they were unable to buy even the relatively scant manufacturing output of the world at prevailing prices.

We have not restored the equilibrium of the productive forces. We worked out of the crisis by the crude process of drastic curtailment of production so that surplus stocks might be worked off. Copper mines closed down, jute production in India was cut in half, wool production diminished, there was a decrease in cotton acreage and the boll weevil reduced the yield. Raw materials whose output was thus reduced have risen sharply in price. Grains and live stock, where output could not be reduced quickly, remain very greatly depressed in price.

The prospect with reference to raw materials and farm products for the coming year is that there will be at least no reduction in output outside the United States. With some overflow of the business activity of the United States to the rest of the world, particularly the non-European part of the world, the prospect would rather be that there will be some increase in the production of raw materials and foods. We can not, therefore, offer any confident reason for the expectation that our farmers will meet any less severe competition in European markets during the coming year than they have met during the past year. It is possible that they may meet more severe competition.

The foreign outlook, on the demand side, is, if anything, less favorable to our farmers in 1923 than it was in 1922.

H. G. Moultron Chairman
H. W. Moorhouse
G. E. Roberts
B. M. Anderson, Jr.

REPORT OF SUB-COMMITTEE ON DOMESTIC DEMAND

Demand for Business and for Family Consumption:

While certain farm products like potatoes and milk are sold to ultimate consumers mainly in the shape they leave the farm, the bulk of what the farm raises undergoes some manufacturing process before it is consumed. Therefore the farmer is concerned immediately with the demands of other farmers for feed and hay, and for animals to use or fatten, or with the demand of manufacturers for raw materials. His wheat goes to millers, his hogs to packers, his cotton to spinners.

But this business demand for farm products depends on demand for family consumption. The like is ultimately true of all products, even the metals which are used to make machinery in factories. In the case of farm products, however, the dependence of business demand upon family purchases is particularly close and immediate. For most farm products after being manufactured are used for food, clothing, or smoking, and used within a relatively few months after they are produced. A relatively small and highly variable portion of the product, which can not be disposed of for direct personal use is forced into industrial uses of miscellaneous sorts.

Hence the most important factor to consider in discussing the demand for farm products is the demand for family consumption.

Demand for Family Consumption:

According to a compilation recently completed by the Bureau of the Census, the farm population proper on January 1st, 1920, numbers 31,600,000. The rest of the population was 74,100,000 - or 2 1/3 times as large. Of course farmers buy each other's products to a large extent; but inasmuch as most farm families raise their own vegetables, potatoes, milk, meat and eggs, the family demand for farm products comes even more largely from the non-farm population than the census figures suggest.

What Factors Produce Fluctuations in Family Demand for Farm Products:

Almost all families spend their whole incomes every year, even savings are spent in the process of investing them. It is only money hoarded that is not spent.

Hence the family demand for farm products depends upon the size of family incomes and upon the distribution of expenditures among different uses.

Since food and drink are the most imperious of all needs, a decline in family incomes will produce less effect upon the total quantity of food bought than upon any other division of the family budget. On the other hand, a well nourished population will not greatly increase the amount of food purchased when incomes rise. But poverty and abundance do have important effects upon the quality of food bought. It is chiefly in this way that fluctuations in family income affect the demand for food stuffs.

The quantity of clothing and tobacco that people will buy probably varies more with changes in income than is the case with food, and the changes in qualities are probably not less great than with food.

Thus the family demand for farm products as a whole must be affected by changes in family income to a material degree; but probably in less degree than family demand for articles less indispensable than food and clothing.

Variation in Family Income:

So far as farmers sell to other farmers, it is impossible to forecast the changes in family income and their effect upon demand. But with the much larger non-farm population the case is different. Broadly speaking, the family incomes of all persons dependent upon manufacturing, mining, lumbering, transportation, merchandising and the various trades and professions which cater to their business and personal needs fluctuate with the business cycle.

When business is active, employment is abundant, wages rise, dividends are increased, interest charges are met, and all professional men and women have relatively good incomes. When business is poor the opposite conditions prevail, and the demand for farm products falls off.

The Present Outlook:

At the present time all competent observers seem to agree that business is prosperous and likely to continue so far at least six or nine months to come. If this opinion is sound, it means that in so far as the demand for farm products depends on the purchases of American families not themselves on farms that demand will be distinctly more active this autumn than it has been for the past two or three years.

So far as the demand comes from American farmers themselves, no one will be in a position to make a satisfactory forecast until later in the season.

The Necessity of Going into Greater Detail:

All the preceding discussion is very general in its terms. To say how much the prospect of active domestic demand for farm products means to any given farmers, or to the farmers of any locality, it is necessary to consider the demand for particular products.

This task your sub-committee can not perform with the requisite thoroughness within the time at its disposal. But a few general principles, or better, lines of attack upon the problem can be suggested.

What Part of the Demand Comes from Domestic Sources:

The following table shows roughly what part of the total demand for leading farm products has come in recent years from domestic and what part from foreign sources. The percentages are based, not upon the total production each year, but upon the best criteria available concerning the part of the product sold by the original grower. In the case of grains, the criterion used is the quantity shipped out of the country where grown; in the case of animals it is the inspected slaughter; in the case of cotton and tobacco it is assumed that the full crop is sold.

According to these figures the domestic demand is of overshadowing importance in the case of oats and beef. In the case of corn, pork and barley three-quarters to two-thirds of the quantities sold in 1921 or 1921-22 were taken at home. Of late nearly half of our tobacco, more than half of our wheat, and five-sixths of our cotton have been taken by the foreigners. On the whole it seems probable that, as Europe recovers from the effects of the war, the percentages of our farm output which must be sold to domestic consumers will tend to increase rather than decline.

	Average 1909 - 1913		Average 1914 - 1918		Average 1919 - 1920		Average 1920 - 1921		Average 1921 - 1922	
	Domes-	Foreign								
	tic demand	demand								
Wheat	73.5	26.5	47.2	52.8	59.4	40.6	38.1	61.9	43.1	56.9
Oats	97.5	2.5	75.4	24.6	91.9	8.1	98.6	1.4	96.3	3.7
Barley	---	---	73.1	26.9	73.4	26.6	59.5	40.5	67.4	32.6
Corn	93.2	6.8	92.0	8.0	96.0	4.0	85.8	14.2	75.0	25.0
					1919		1920		1921	
Cotton	32.2	67.8	47.3	52.7	37.9	62.1	53.2	41.8	15.5	84.5
Tobacco	60.6	39.4	64.3	35.7	55.8	44.2	68.0	32.0	57.0	43.0
	1910 - 1913		1914 - 1918		1919		1920		1921	
Beef	94.5	5.5	91.5	9.5	91.9	8.1	94.9	5.1	95.6	4.4
Pork	77.6	22.4	70.3	29.7	52.8	47.2	70.1	29.9	69.6	30.4

Variability in the Demand for Certain Products:

1. Beef:

Inasmuch as a large proportion of the corn crop is marketed in the form of pork and beef it seems that any estimate as to the domestic demand for corn must be largely based on the probable demand for these two products.

Beef probably more than pork is affected by changing economic conditions. During periods of depression and unemployment it is said that consumers tend to purchase larger amounts of bacon and ham or shoulders which go farther than the same value of beef. With money more abundant the average earner tends to buy more beef and probably to buy better cuts.

The above conclusions are based on the opinions and observations of market exports rather than on any statistical data available. The following table gives the total domestic consumption of beef and of all meats including lard, by years since 1907.

Apparent Domestic Meat Consumption

Pounds per capita

<u>Year</u>	<u>Beef</u> ¹	<u>Total Meat and Lard:</u> ¹
1907	79.7	179.9
1908	72.4	185.2
1909	76.2	170.6
1910	71.8	156.7
1911	68.4	170.2
1912	61.7	159.1
1913	60.8	157.7
1914	59.3	153.8
1915	56.0	152.7
1916	58.2	160.7
1917	62.2	143.8
1918	65.2	158.6
1919	58.0	153.0
1920	61.2	156.3
1921	57.8	155.2
1922	61.4	163.8
Average	64.4	161.1

The years 1908, 1914, 1915 and 1921 may be taken as periods of depression. The beef consumption in 1908 was 72.4 pounds per capita.

¹ These data subject to revision.

In 1914, 59.3; in 1915, 56.0; and in 1921 it was 57.8 pounds compared with an average of 64.4 pounds for the entire 16 years. The three latter mentioned years show the lowest beef consumption for any years in the entire period, thus lending some statistical weight to the conclusions stated by the meat experts. The consumption in 1908 was less than in the more prosperous years 1907 and 1909.

The following figures showing the total number of carcasses of beef and veal and the total pounds of these products received in New York City during each of the 4 years 1918 - 1921 are of some interest in showing the decline in consumption during the period of depression.

Beef and Veal Marketed in New York City

<u>Year</u>	<u>Number of Carcasses</u>	<u>Total Pounds</u>
1918	2,050,043	717,881,014
1919	2,134,604	720,609,357
1920	2,136,362	669,337,157
1921	2,195,545	677,595,365

On the average only 5 to 3 per cent of our beef production is exported so that at least 90 per cent or more is dependent upon domestic consumption. In view of the fact that labor is practically 100 per cent employed, that wages in many industries are increasing, there would seem to be abundant evidence to indicate that the domestic demand over the next six to nine months will be normal or above normal, especially since prices have so far shown no tendency to advance unduly.

On January 1, 1923 the survey by the Bureau of Agricultural Economics showed that the number of cattle on feed in the Corn Belt States were 25 per cent greater than a year ago. Receipts of cattle and calves at public markets were 17 per cent greater in 1922 than in 1921 and the amount of beef and veal produced under federal inspection was nearly 12 per cent greater than in 1921.

It is also stated that there is a well marked tendency over a period of years indicating a smaller demand for beef from choice and prime animals. This is of importance in that a smaller amount of corn is used in finishing animals for market.

It is also said that there is a greater demand for steak cuts in recent years to the neglect of roasts, chuck and plate. This is attributed by market men very largely to the effect of the afternoon attendance at movies which necessitates foods which can be quickly prepared.

2. Pork:

An increase in business activity results in less unemployment, higher wages and therefore in more buying power or demand on the part of the hog-product consuming population.

How an increase in demand will affect the price of hogs and hog-products depends primarily on the position pork and other hog products occupy in the family budget. Are they the cheapest form of food which will sustain life or do they occupy a marginal position, that is, a more or less luxury which will be dropped off or decreased when the family income decreases?

Pork and the other hog products like other meats belong to this latter class. They are expensive foods.

In times of business depression when incomes are low the demands for meats are very considerably reduced. The cheaper and bulky food-stuffs are substituted in their place.

Thus it is apparent that changes in business conditions or demand have a very important bearing upon the price the hog producers receive for their product.

3. Tobacco:

General Conditions. - In general, conditions of supply are so important as regards the prices of tobacco products that simple figures of intended planting, acreage, etc., would be of great use even though not accompanied by estimates of demand. But for all purposes, it is essential that figures and facts should be classified by types of tobacco; and totals for the separate States will not serve in the case of some States such as Virginia, Kentucky, etc., in which important amounts of several types are grown.

Foreign Demand. - The foreign demand is important or negligible in the case of cigar types and burley; but in the case of the bright flue-cured crop is important; and owing to the systematic efforts to develop the production of this type of tobacco in foreign countries, statistics of domestic planting, etc., should be accompanied by references to this foreign production as soon as the latter becomes important enough to affect prices.

Domestic Demand. - As stated above, supply conditions are of almost controlling importance with respect to most types. Accurate facts with respect to planting and acreage will tell the farmer and his advisors most of what he wants to know. The main problem is to secure a response to known facts about production.

However, demand conditions should be noted as valuable supplementary data. General business conditions are relevant and significant. Tobacco prices will be better all along the line when unemployment is scarce and

wages and profits high. Supply data should therefore be accompanied by a general index of wages and employment, although no statistical relationship of a quantitative kind is known to exist.

Supply or production data should also be accompanied by statistics of stocks of leaf tobacco on hand. These are published by the Bureau of the Census. In their raw form they would probably be of little use to the tobacco planter. Accordingly, if this has not already been done, an index number of stocks on hand should be prepared so that the farmer or planter could get a rough idea of the extent to which the manufacturers and dealers were overstocked or the extent to which their stocks were depleted.

In the case of the dark fired types, approximately 80 per cent of which is exported, and the demand for which is said to be steadily decreasing, the planter's attention should be regularly called to the fact that the demand is diminishing - unless investigation shows that there is sound reason to believe that this decline is likely to be checked.

Conclusion: (A) The demand for tobacco as it leaves the farm comes in the main from large buyers, and is relatively inelastic, so that conditions of supply and production are nearly controlling.

(B) Conditions of demand are, however, of importance; and indices showing the conditions of employment and stocks on hand should accompany the supply or production figures.

(C) The production or supply figures should be classified by types; and in this connection it is worth while pointing out that both the statistics of exports and those of stocks on hand are now published by types or classes.

Further Researches Desirable:

The preceding notes cover the ground in a very imperfect fashion. In particular we have not had time to consider the extensive material which the Department of Agriculture has collected on wheat and cotton, analysis of which should yield interesting results.

The sub-committee hopes that the Bureau of Agricultural Economics will continue the series of statistical investigations which we understand it has begun upon the relations between variations in supply, demand and price, with the particular purpose of ascertaining the relations among the fluctuations, as indicated by coefficients of correlation, computed with various lags. We recognize that there is no certainty that such work will yield significant results, but we believe that there is sufficient prospect of success to warrant the Bureau in continuing its experimental work.

W. C. Mitchell, Chairman
T. S. Adams
W. T. Foster.

REPORT OF SUB-COMMITTEE ON WHEAT

The American exports of wheat during the last two years were unusually large owing to the low exports from eastern Europe, and continued low production in some countries in Europe. These exports should not be taken as normal, nor be expected to continue permanently. The European countries are making efforts to put their grain production on a pre-war basis and as they become able to accomplish this it is to be expected that our exports will decline and that our production should be readjusted to meet these changing conditions.

The condition of the winter wheat crop in the United States is unfavorable. The intended plantings of spring wheat are 94.5 per cent of last year's acreage and weather thus far has been unfavorable for spring planting. The enormous net movement of 1,120,000 persons from farms to towns and cities in the two years ending with December 31, 1922, leaves the farms in an unfavorable position to meet emergencies.

The rainfall in the United States has such a dominating influence on the final production that in spite of unfavorable factors the supply may be so large as to keep prices low or if the rainfall is unfavorable it may result in such a reduced production as to make farm prices rise.

G. F. Warren, Chairman
B. W. Snow
Carl Snyder.

REPORT OF SUB-COMMITTEE ON COTTON

On April 20, 1923, the Crop Reporting Board of the U. S. Department of Agriculture issued a special report of farmers' intended plantings in 1923 of cotton and other principal spring sown crops. This report indicated that farmers intend planting this year 12 per cent greater cotton acreage than they planted in 1922. On the basis of these intentions, making allowance for abandonment, cotton acreage harvested in 1923 would be 36,888,000 acres. If the yield per acre in 1923 should prove to be the same as the average yield (153.1 lbs.) for the five years 1918-22, the total crop would be 11,810,000 bales (478 lbs. net); if the yield per acre should be the same as the lowest yield (124.5 lbs.) in the last five years (1921) the total crop would be 9,610,000 bales; if the yield per acre should be the same as the highest yield (178.4 lbs.) in the last five years (1920) the total crop would be 13,770,000 bales.

The indicated carryover of lint cotton (including mill stocks) in the United States, at the end of the present cotton season (July 31, 1923) will be 1,184,000 bales, (including 100,000 bales imported foreign cotton) compared with a carryover of 4,287,000 in 1920, 6,534,000 in 1921 and 2,832,000 bales in 1922 respectively. Details relating to the indicated carryover are given below:

Supply and Distribution of Cotton in America

August 1, 1922 - March 31, 1923, and Indicated Carryover July 31, 1923.

	<u>Bales Running</u>
Carryover July 31, 1922 - - - - -	2,832,000
Crop of Season ending July, 1923 - - - - -	9,729,000
Imports from August 1 to March 31 - - - - -	388,000
Total	12,949,000
Less domestic consumption from August to March 31 - - -	4,463,000
	8,486,000
Less exports from August 1 to March 31 - - - - -	4,027,000
On hand April 1, 1923	4,459,000
Estimated imports April to July 31 - - - - -	100,000
	4,559,000
Estimated consumption April to July 31- - - - -	2,400,000
	2,159,000
Estimated exports April to July 31- - - - -	975,000
Indicated carryover in America August 1, 1923	1,184,000*

* These figures do not include the "city crop" or cotton destroyed by fire.

The world's consumption of American cotton in 1921-22 was about 12,600,000 bales; the indicated world's consumption for the year 1922-23 is not less than 13,000,000 bales. There is no evidence at present that the consumption of 1923-24 will fall below these figures.

In view of the fact that the Department of Commerce is collecting world cotton figures, the Committee makes no detailed estimate of the situation with regard to foreign cottons. The available information indicates, however, that the world carryover of all cottons on July 31, 1923 will be 6,800,000 bales (largely of foreign short staple cotton) compared with 6,700,000 bales in 1922 and 10,500,000 bales in 1921; that the production of foreign cottons is not likely to exceed materially the 1922 production, and that the use of American cotton will be little, if any, restricted on account of foreign production.

W. M. Persons, Chairman
W. G. Reed
H. A. Surface

REPORT OF SUB-COMMITTEE ON CORN AND HOGS

The report herewith submitted is based particularly on the situation in the corn and hog States of Iowa, Illinois, Nebraska, Kansas, Missouri, Minnesota, South Dakota, Indiana, and Ohio. These States furnish about 90 per cent of the commercial hog crop. States outside the Corn Belt may find this report suggestive, but it does not apply directly to their conditions, since they are not so immediately dependent on the corn-hog ratio.

During the past winter more pounds of pork products were produced than during any previous winter in history. The increase in this past winter's pork production was about 30 per cent over the preceding year.

Hog production, furthermore, is still in the state of expansion. The pig survey conducted by the Department of Agriculture last December indicated an increase of 13 per cent in sows bred for spring farrow in 1923 for the United States, and an increase of 15.6 per cent for the Corn Belt. This condition might not be serious were it not for the prospect of heavy slaughter during the coming summer. The pig survey just mentioned further indicated an increase in the numbers of fall pigs of 28.7 per cent over 1921. Yet this 28.7 per cent increase, if it materializes within the next six months, will be in excess of the spring and summer slaughter of 1922, which exceeded any previous record by a million and a half head.

However, this is not the whole story of the burden the distributive trade must bear in the next few months. The storage holdings of pork and lard on April 1, 1923, were 929 million pounds as compared to 677 million pounds on April 1, 1922. This increase is 37 per cent over the preceding year, equivalent on a liberal estimate for carcass weight, to over 1,300,000 hogs. All products except lard show a distinct increase, while the holdings of sweet pickled pork are the largest on record, and frozen pork, the second largest.

To summarize the foregoing, the prospect on a conservative basis which producers must face before a year has elapsed is the absorption by domestic and foreign consumption of a surplus of over 6 million hogs and 250 million pounds of stored product. This represents a total surplus of over 7 million hogs above last year's production.

During the half century ending in 1915 it has taken, on the average, 11.6 bushels of cash corn at Chicago to equal the value of 100 pounds of live hogs. There has been a general tendency for the value of hogs to rise above or fall below the normal ratio in cycles of about 20 months up and 20 months down. Sometimes the downward tendency continues for as long as 30 months, and at other

times for as short as 12 months. The change in the number of bushels of corn to equal in value 100 pounds of hogs varies from about 6 to 20 bushels. The normal swing has been from 8 to 15 bushels.

In the late fall of 1921 corn was unusually cheap and the corn-hog ratio reached the decidedly favorable feeding basis of 17.9 bushels, the ratio remaining about the same until July of 1922, since which time it has narrowed until at the present time (April, 1923) it has dropped to 10.8 bushels. The decline has continued for 10 months, and the sub-normal ratio will presumably reach bottom 2 to 20 months hence.

The corn situation at this date (April, 1923) is about normal. Stocks on farms March 1, 1923, were almost exactly the same as the 5-year pre-war average at this date. Between now and the time the new crop is harvested there will be somewhat of a tendency toward corn shortage because of the larger number of hogs on feed (an increased number estimated at from 15 to 30 per cent above the normal for this season of the year before the war). Some 30,000 farmers from all parts of the United States expressed early in April their intention to the U. S. Department of Agriculture to increase their corn acreage in 1923 by 2.5 per cent over 1922. This would indicate an increase of about 2,000,000 acres for the entire United States. With ordinarily favorable weather conditions this prospective acreage would indicate a corn crop of 2,900,000,000 bushels. A crop of this size would be ample to furnish corn for feeding out to a normal weight our pre-war average number of hogs. Present indications are that the 1923 spring pig crop is so large (even after allowing for a very high death loss in March of 1923) that a corn crop of 2,900,000,000 bushels will necessitate marketing our pigs next fall and winter at much lighter weights than has been the case during the past two years. If as a result of unfavorable weather during July and August the corn crop is reduced to less than 2,800,000,000 bushels this necessity for marketing hogs at light weights is likely to become acute. This will not necessarily prove a disadvantage to the producer since lighter weight-outs are more readily absorbed by consumers at price levels profitable to the producer. However this may result in such heavy marketings of hogs at light weights in the late fall and early winter as to result in a severe slump in hog prices. But the net result would be to put a brake on hog production.

In June, 1923, when the U. S. Department of Agriculture will have available a fairly complete survey of the size of the 1923 spring pig crop, it will be possible to analyze the problem more accurately and in August when the size of the 1923 corn crop will be known with some degree of exactness, it should be possible to make a much more definite statement.

Before the war the exchange of pork products between nations amounted to about 800,000 tons annually and of this 800,000 tons the United States contributed about 500,000 tons. The United States has been and is a much more dominating factor in the international pork product trade than she has been in the international wheat trade. As an average of the past four years the United States has been exporting about 750,000 tons annually or 50 per cent more than her pre-war normal

and nearly as much as the entire international pork product trade before the war. Of the commercial hog slaughter in the United States during the past four years over 20 per cent has gone into international trade. The corn and hog farmer is obviously almost as dependent on foreign demand as the wheat or cotton farmer. The corn and hog business of the Corn Belt at the present time is geared up to producing pork products for some 15,000,000 more people than we have in the United States. If, in view of the foreign situation, exports of pork products should be reduced in order to maintain profitable prices, it may prove advisable to reduce hog production. Such a decline in production may be forced by a reduction of export demand which would leave in the domestic market a supply of pork products which could not be sold at profitable prices.

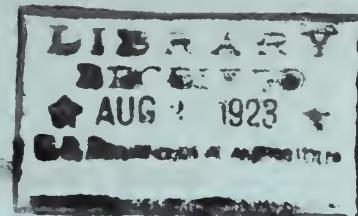
Based on past experience, high prices of hogs have most frequently occurred during periods of industrial prosperity and full employment of city labor. This employment is ordinarily preceded by a rise in such industrial barometers as activity on the stock exchange, increase in pig iron production, and New York bank clearings. At the present time these barometers have been registering advances for approximately 18 months and the probabilities are that they will soon pass their peak. Even though these barometers do continue high for another year, thus indicating full employment of labor, it does not necessarily follow that hog prices will be high because of the facts on heavy production already indicated. In reverse fashion, it is a matter of history that in times of acute hog shortage, due to cholera or other abnormal reasons, hog prices may hold at a high level despite growing industrial depression.

The present situation suggests the possibility of heavy hog production coinciding six to nine months from now with reduced demand. However, the bad weather in March, 1923, may have reduced the size of the spring pig crop sufficiently, or bad weather during July and August may cut the corn crop to such an extent, that the impending heavy production may be curtailed.

W. W. Stewart, (Chairman)
H. A. Wallace, (Acting Chairman)
E. J. Wentworth
F. A. Pearson.

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SECOND REPORT

on



THE AGRICULTURAL OUTLOOK

July, 1923

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UNITED STATES DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

Washington, D. C.

SECOND CONFERENCE ON AGRICULTURAL OUTLOOK.

At the first conference of statisticians and economists which met April 21, it was recommended that the Secretary of Agriculture call another such conference in July following the appearance of the special pig survey of June, and the estimates of the wheat crop for July, by the Crop Reporting Board. Following this suggestion a conference was called and assembled July 11 and 12, to consider the foreign and domestic demands for farm products; the wheat situation and the corn-hog situation. The group was divided into four sub-committees which prepared the reports which follow. The entire group together approved the Summary of the Agricultural Outlook which appears in the following pages.

In preparing this material the group had before it the results of the special June pig survey, the wheat estimates by the Crop Reporting Board and a large amount of other statistical data assembled by the staff of the Bureau of Agricultural Economics. Members of the staff assisted the committee in every way in securing the facts, but the views expressed in the report on the Agricultural Outlook are the views of the visiting economists and statisticians.

Those who participated in the conference were:

H. G. Moulton,	Institute of Economics	Washington, D. C.
B. M. Anderson, Jr.	Chase National Bank,	New York City.
H. W. Moorhouse,	American Farm Bureau Federation,	Chicago, Ill.
George F. Warren,	Cornell University	Ithaca, N. Y.
Carl Snyder,	New York Federal Reserve Bank	New York City.
W. I. King,	National Bureau Economic Research	New York City.
W. W. Stewart,	Federal Reserve Board	Washington, D. C.
J. F. Ebersole,	Federal Reserve Bank	Minneapolis, Minn.
B. W. Snow,	Bartlett-Frazier Co.	Chicago, Ill.
W. E. Grimes,	Kansas Agricultural College	Manhattan, Kans.
Hilding E. Anderson Case, Pomercy Co.,		New York City.
H. A. Wallace, Secretary, Corn Belt Meat Producers Ass'n.,		Des Moines.
E. W. Wentworth,	Armour & Company	Chicago, Ill.
F. A. Pearson,	Cornell University	Ithaca, N. Y.
E. G. Nourse,	Iowa Agricultural College	Ames, Iowa.

SPECIAL PIG SURVEY, JUNE 1.

The special pig survey of June 1 showed that hog producers are inclining toward fall breeding, making for a more even distribution of marketing throughout the year. The commercial market hog supply from this spring's crop of pigs should be about the same as last year, according to this survey, while the supply for next spring from the fall farrowings may be greater than last year.

An increase of nine-tenths of 1% in the number of pigs saved from farrowings in the six months ending June 1, as compared with the number saved during the same period last year, is indicated in reports gathered by rural mail carriers of the Post Office Department for the United States Department of Agriculture from 140,000 hog raisers in all parts of the country.

Hog raisers have expressed an intention to breed 23.3% more sows than farrowed last fall. For the Corn Belt States, the increase is indicated as 25.5%. The Department points out, however, that last year the actual farrowings ran less than the intention to breed. Producers in the Corn Belt States in June, 1922, expressed an intention to increase fall breeding 49.3%, but the actual increase in farrowings was 27.8%. In December, they expressed an intention to breed 15.6% more sows for spring pigs, but the actual increase in sows farrowing in the spring was 8%. For the United States, the December intention was 13.1%, but the actual farrowings were 3.9% greater.

The increase in spring pigs this year is due to increases in the Corn Belt and western States amounting to 5.8% in the former and 17.9% in the latter.

Some of the important cotton States show marked decreases, notably Texas with a decline of 23%, Louisiana 21%, and Alabama 13%.

While the increase this spring in the number of pigs saved was less than 1% for the United States and less than 6% for the Corn Belt States, the number of sows farrowing showed an increase of 3.9% over last year for the United States and 8% for the Corn Belt States. Losses in spring pigs were considerably heavier than last year.

Of the total number of swine on farms, 136 per thousand were sows that farrowed this spring and 86 were reported as intended to be bred for fall farrowings. It is estimated that on June 1 there were on farms for every thousand hogs 296 hogs over 6 months of age that

could be marketed during the period between June 1 and the fall and winter run of spring pigs, less the mortality that may occur during this period, and less old sows held over for breeding for the 1924 spring crop. Comparable data for last year are not available.

A tendency to increase fall breeding proportionately more than spring breeding has been evidenced both by the market receipts and farm reports for the past two years, especially in the Corn Belt.

The spring crop of pigs in 1922 in the Corn Belt was probably the largest ever raised up to that year, as was likewise the total pig crop of 1922. The survey of June, 1922, indicated in the Corn Belt States an increase in litters farrowed in the spring of 1922, over the spring of 1921, of 22.8% and an increase in pigs saved of 14.5%.

Marketings from the Corn Belt States during the seven months, starting in October and November, 1922, during which practically all of the spring crop, except pigs retained for breeding, was marketed, showed an increase of 32.5% over the marketings of the 1921 spring crop. The increase for the Corn Belt States west of the Mississippi River was 36.3%, and for those east of the Mississippi, 25.2%. The total inspected slaughter during the same months this year increased 30.5%.

With the increase of 8.0% in number of sows farrowing this spring and assuming that the number slaughtered on farms, and those sold for local city and town slaughter was about the same for the past two years, the increase in the spring crop over the spring of 1921 in the Corn Belt was about 23.0%. The indication from the survey of last June, of sows farrowing last spring, was therefore approximately correct, while the number of pigs saved was greater than indicated.

On the basis of the results of the present survey, provided that the mortality is no greater from now on than it was last year, it would seem that the commercial market supply of hogs, over four-fifths of which comes from the Corn Belt, from the spring crop of 1923, should be about as large as that from the spring crop of 1922, the movement of which, with the exception of sows retained for breeding, is now ended. If expressed intentions as to fall breeding are carried out, even to the proportional extent of last year, the fall crop of this year, which will be marketed next summer, will be larger than that of last, both in the Corn Belt and in the country as a whole. On the other hand, it appears that there has been a considerable falling off in the spring crop in the rest of the country and especially in the South, where cotton is apparently replacing some of the corn and peanuts.

Results of Pig Survey, June 1.

State and division.	Sows bred or to be bred for fall farrow- ing, 1923. ²						Swine over 6 months: Pigs com- pared			Average number of pigs saved per litter.			
	Pigs saved	far- rowed	in in	spring	spring	in fall	with	total	swine	(in- cluded)	Spring, 1923.	Spring, 1922.	Fall, 1922.
State and division.	of	of	of	of	of	of	of	of	of	of	of	of	of
N. Atl.....	95.9	105.3	142.6	118.3	88.1	44.9	5.74	6.29	6.34				
S. Atl.....	89.4	92.7	128.0	108.3	76.0	50.4	5.24	5.44	5.27				
E. No. Cent..	104.0	107.9	122.6	73.8	67.5	35.1	5.12	5.32	5.55				
W. No. Cent..	107.1	108.6	127.2	45.4	46.0	33.4	4.72	4.78	5.00				
S. Central..	85.8	89.0	130.3	104.1	70.9	51.3	5.16	5.34	5.34				
Western ...	117.9	119.8	151.0	89.3	69.2	37.0	5.54	5.85	5.70				
U. S.....	100.9	103.9	128.3	73.7	61.2	39.3	5.02	5.18	5.30				

¹ Spring periods covered are Dec. 1, 1921, to June 1, 1922, and Dec. 1, 1922, to June 1, 1923.

² Fall periods covered are June 1, 1922, to Dec. 1, 1922, and June 1, 1923, to Dec. 1, 1923.

WHEAT ESTIMATES OF JULY 1, 1923

The 1923 wheat crop is forecast at 821,000,000 based on reports of the Crop Reporting Board, United States Department of Agriculture, on July 1. A crop of that size is 41 million bushels less than the production of 1922 and 14 million bushels less than the five year average production for the years 1917-21. The decrease is mainly on spring wheat.

The acreage is slightly more than 5 per cent less than last year's acreage. Condition of winter wheat on July 1 was better than on June 1, but spring wheat condition was not so good. Both wheat crops were below the 10 year average condition on July 1. Stocks of wheat on farms July 1, are reported as 35,634,000 bushels or 4.1 per cent of the 1922 crop. Only 8 times in the last 29 years has the proportion of the crop still on farms July 1 been smaller than this year. The quantity is about 3 million bushels larger than last year. The farm price per bushel July 1 was 95.1 cents per bushel compared with \$1.026 per bushel July 1, 1922. The average price of No. 2 red wheat at Chicago at \$1.16 for June was the lowest since September 1922 when it was \$1.06, having reached \$1.35 as the February average price, and was only 4 cents a bushel above the five year pre-war average price (\$1.12 for June 1909-13). The high June price for that grade was \$2.89 in June 1920.

	<u>Winter Wheat</u>	<u>Spring Wheat</u>	<u>All Wheat</u>
Acreage 1923	39,750,000	18,503,000	48,253,000
per cent of 1922	94.4	94.9	94.5
Condition July 1, 1923	76.8	82.4	78.3
July 1, 1922	77.0	83.7	78.9
10 year average	81.4	85.1	82.6
Total Production (000,000 bu.)			
1923 July forecast	586	235	821
1922 Dec. Estimates	586	276	862
Average 1917-21	590	245	835
Yield per acre (bushels)			
1923 July forecast	14.3	12.7	14.1
1922 Dec. Estimates	13.9	14.1	14.0
Average 1917-21	14.9	11.5	13.7
Farm Price per bushel			
July 1, 1923	not given separately		95.1
July 1, 1922	—	—	102.6

July 1 condition of winter wheat was below the 10 year average condition in five of the 10 heaviest producing states: Kansas (16 points); Nebraska (11 points); Ohio (10 points); Oklahoma (4 points); Pennsylvania (6 points); and above average condition in five: Illinois (3 points); Missouri (2 points); Indiana (4 points); Washington (13 points); Oregon (6 points).

July 1 condition of spring wheat was below the ten year average condition July 1 in North Dakota (14 points); and Minnesota (4 points), and above average in Montana (3 points); South Dakota (2 points) and Idaho (7 points), these being the five states of heaviest production in 1922.

Stocks of wheat on hand were relatively lowest in Washington, Idaho, Oregon, Oklahoma, Illinois and Missouri.

Note:- Full details of the July 1 reports relative to wheat are published in tables in Weather, Crops, and Markets for July 14, 1923.

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SUMMARY OF THE AGRICULTURAL OUTLOOK.

The committee of economists and statisticians called by Secretary of Agriculture Wallace to consider the foreign and domestic demand for farm products, and particularly the wheat, corn and hog situation, issued the following report Thursday, July 12.

Foreign Demand.

The foreign demand for American foodstuffs during the current marketing season will apparently not be as great as it was a year ago. Unless the foreign situation is very speedily cleared up and a definite turn for the better takes place in Europe, it appears not improbable that Europe will have less buying power in our markets during the next crop year than she had during the last. It needs to be understood that foreign demand is not measured merely by volume of exports. The price at which this demand will be forthcoming is the important consideration.

The principal reasons for the probable reduction in foreign demand are: First, European food production is somewhat larger than last year, due principally to much more favorable crop conditions this year than last, while there is no apparent decline in the output of producing regions that compete with the United States for the European market.

Second: Europe's purchasing power this year is likely to be somewhat smaller than last year. While manufactured exports for the first half year have been appreciably larger than a year ago, the prospect for the second half year is less favorable. There has developed a slight recession of business in leading commercial countries, and the foreign situation has lately been producing serious economic consequences. European earnings from shipping and other services show little improvement; while credits extended to European countries are much below those of a year ago.

Domestic Demand.

In the United States we have had a very high level of industrial activity, distribution, and consumption. With certain exceptions, there is little evidence thus far of any considerable accumulation of goods, either on the shelves of merchants or in the jobbers and producers' hands; and the facts as to the high level of production are clear. It seems clear that the home demand has been near to if not at a maximum. We can scarcely consume more of wheat and meat and other farm products than we have in the last year or more. The farmer can hardly now expect any immediate increase in the domestic demand. But with the present full volume of employment and high wages, there seems no prospect during the remainder of 1923 for a decrease in domestic demand for farm produce.

Furthermore, our credit position is unusually strong and more than equal to any demands which may be made upon it in the crop moving season. There is no present prospect of any money stringency, or a rise in interest

rates sufficient to affect business or the farmer unfavorably.

Changes in general business conditions affect the domestic demand for various agricultural products in differing degrees. Should a depression develop in urban industries it follows, then, that the farmer will feel the effects to some extent. However, the probability of a severe depression in the near future seems to be slight. Any lessening in the industrial activity that may occur will, however, doubtless be accompanied by a reduced demand for choice cuts of meat, early vegetables, the more expensive fruits, milk, butter, etc. On the other hand, it will not decrease but may even increase the demand for the cheaper grades of food.

During the last five years certain forces have combined to increase the supply^{so} that the price level of farm products has been kept below that of prices for other commodities. This situation has generated offsetting forces tending eventually to restore the former equilibrium, thus improving the position of the farmer. Among such forces is the migration of agricultural population to the city. There has recently been a distinct acceleration in this movement. This movement will, in the long run, add to the urban demand for foodstuffs and will eventually lessen the supply of farm produce, thus tending to establish a more normal relationship between agricultural and other prices.

The Corn-Hog Situation.

Marketings of the 1922 spring pig crop (just completed) were 30 per cent above the 1921 crop and 60 per cent above the prewar. From the indications of the special government hog report of June, the 1923 crop is fully as large as last year and there are prospects of continued heavy hog production well into the summer of 1924. This heavy hog production has wiped out the unusual corn surpluses resulting from the three large corn crops of 1920, 1921, and 1922. Unless there be a marked improvement in the 1923 corn crop, and in view of probable continued heavy hog production, a corn shortage may develop by the summer of 1924.

The corn-hog ratio declined from 18 to 8 bushels from the spring of 1922 to the midsummer of 1923. It is now 25 per cent below average, and from present indications a ratio unfavorable to hogs will last into 1924.

During the first five months of 1923 the European nations have taken a decidedly larger quantity of our pork products at a higher price than seemed probable last January. In addition, favorable industrial conditions in the United States have resulted in the consumption of an unusually large quantity of pork at home which limited the decline.

The ability of the American public to continue the consumption of such large quantities of pork products without a serious price decline from the present level depends upon the maintenance of favorable industrial conditions.

Neither the corn situation, the prospective European demand, nor the domestic industrial outlook warrants the maintenance of the very heavy hog production of the past year.

The Wheat Situation.

The expansion in the wheat area of the chief exporting countries coupled with the decreased buying power of western Europe is responsible for the price situation which now prevails. This committee is less impressed with the immediate wheat supply situation than it is with the future possibilities in case present exporting countries fail to readjust their acreage to offset increasing bread grain production in Europe.

Owing to the world war there was an enormous increase in the wheat acreage of the five principal exporting countries of the world outside of Russia and the Danubian countries. Since the peak of war production these exporting countries have decreased their acreage very slightly and are now growing 28 million more acres of wheat than the pre-war average. In view of the long-time prospects of the return of Russia and the Danubian countries as factors in the world wheat trade, as well as the increase in other exporting countries mentioned above, the American winter wheat grower should take the first positive step this fall to adjust the winter wheat acreage in accordance with this situation. There has been some reduction in the winter wheat acreage of the United States due to adverse weather conditions rather than to a change of planting policy on the part of the producers. However, the expansion remains about 14 million acres above the pre-war average.

The best data available indicate a current wheat crop for the northern hemisphere moderately larger than that for 1922 for the same territory. On the other hand, the carryover stocks for both importing and exporting countries are apparently not greatly changed from last year. The increase represents only a small percentage and might be wiped out entirely or increased by later developments in North American spring wheat or in the 1923-24 coming harvests in Australia and Argentina. Russia will not export grain in large quantities in the immediate future.

The facts that have been presented in this summary of the world agricultural outlook are well known in the trade and have been discounted in the markets.

The statistics in this report were assembled by the Department of Agriculture.

Committee:

H. G. Moulton, Institute of Economics, Washington, D. C.
B. M. Anderson, Jr., Chase National Bank, New York City.
H. W. Moorhouse, American Farm Bureau Federation, Chicago.
George F. Warren, Cornell University, Ithaca, N. Y.
Carl Snyder, New York Federal Reserve Bank, New York City.
W. I. King, National Bureau Economic Research, New York City.
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J. F. Ebersole, Federal Reserve Bank, Minneapolis.
B. W. Snow, Bartlett-Frazier Co., Chicago.
W. E. Grimes, Kansas Agricultural College, Manhattan, Kansas.
Hilding E. Anderson, Case, Pomeroy Co., New York City.
H. A. Wallace, Secretary, Corn Belt Meat Producers Association, Des Moines.
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COMMITTEE REPORTS

on

THE AGRICULTURAL OUTLOOK

July 12, 1923

Reports of Committees on:

1. Foreign Demand,
2. Domestic Demand,
3. The Corn - Hog Situation,
4. The Wheat Situation.

1. COMMITTEE ON FOREIGN DEMAND

From the point of view of American agriculture, foreign demand is practically identical with European demand. European countries constitute the only significant markets for American agricultural products.

It needs to be emphasized at the outset that demand is not measured solely by the volume of exports. Since the year 1920 Europe has purchased very large quantities of American wheat and meat, but this does not mean that the European demand for such commodities has been an intense demand, regardless of price. The truth is that Europe would and could take large quantities of American wheat only provided the price was relatively low. In studying demand we are therefore concerned both with European requirements for food and European ability to purchase the food required at prices satisfactory to American producers.

Three primary factors will determine European demand this year for American foodstuffs: (1) The essential food requirements which depend in part upon crop conditions in Europe; (2) the competition of other food-producing areas with the United States and (3) the purchasing power of Europe.

European Production of Food Stuffs

The European nations are gradually approaching their pre-war level in agricultural production, especially importing nations which are endeavoring to make themselves independent of outside food supplies. Twenty-one countries that in 1909 to 1913 harvested an average of 67,000,000 acres of wheat decreased to 58,000,000 acres in 1920, and then rose again to 60,000,000 in 1922. Eleven countries that harvested 48,000,000 acres in 1920 and 51,449,000 acres in 1922 have reported 52,180,000 acres for 1923. Moreover crop conditions are much more favorable this year. Revival of production in Europe is much more manifest in agriculture than in manufacture.

Competition of Other Food Producing Regions

During the World War agricultural production in Europe was reduced while the output in several other countries was increased. For example, the total wheat area in the United States, Canada, India, Australia and Argentina was 116,000,000 acres in 1913 as against 137,000,000 in 1923.

Increased production in these regions has more than offset the decline of production in Russia. There is no evidence to show that the competition of these areas will be less this year than last.

In estimating the probable demand for American foodstuffs it is important to bear in mind that adverse economic conditions may seriously reduce the consumption even of essential foodstuffs. For example, German consumption of important foodstuffs in the present area of Germany, in 1913 and 1922, compared as follows:

Foodstuffs :	1913	:	1922	: As Percentage
:	:	:	:	: of 1913 Total
Wheat	222,333,908	:	122,906,449	55
Winter spelt	24,140,370	:	6,227,995	26
Rye	376,002,402	:	227,231,271	60
Barley	288,067,735	:	85,979,401	30
Oats	583,047,806	:	282,533,269	48
Potatoes	1,619,388,915	:	1,497,841,970	93
	:	:	:	

There is here evident a shifting from bread to potatoes. The extent of this shift is greater than the figures indicate, since less potatoes are fed to hogs and more are reserved for human consumption. A similar shift is being made in many other countries of Europe.

The Purchasing Power of Europe.

Europe's purchasing power will depend upon the volume of her exports; the amount of her earnings on investments abroad, on shipping and other services and upon credits extended to her export and import account. The United States continues to have a favorable balance with Europe, i.e., we export more goods to Europe than we receive from her. Our unfavorable balance of trade in recent months has grown out of an excess of imports from countries other than Europe. The balance against Europe, however, has diminished moderately. Imports from France, Germany, Italy, the Netherlands and the United Kingdom were \$325,500,000 in the first four months of 1923 against \$214,900,000 in the first four months of 1922. The first four months of 1922, however, were months of great dullness in business while the first four months of 1923 were months of very intense business activity. A comparison of the first four months of 1923 with the last four months of 1922 shows a gain in imports from Europe of only \$30,200,000.

In view of the probability that the current recession in business in the United States will diminish imports from Europe somewhat, and in view of the acute Ruhr situation, it is not probable that the rest of the year 1923 will show any gain for Europe in goods shipped to the United States. The increase manifest in the figures given above is in considerable part due to rising prices rather than to increased quantities. The difficulty appears to be quite as much in the shortage in European production of manufactured goods as it is in our own reluctance, manifested in our tariff laws, to receive European imports.

When other means of making payments for American foodstuffs are considered, the situation looks even less promising. We received less gold net in the first five months of 1923 than in the first five months of 1922. The balance on shipping moved moderately in Europe's favor. Passports issued to tourists in the first six months of 1922 were 94,494, but only 80,787 were issued in the corresponding months of 1923. There is no evidence that immigrants' remittances have increased in 1923. Various other minor items show no gain for Europe. Moreover, the total of foreign loans placed in the American market in 1923 to date is very decidedly less than the total for the corresponding period in 1922 and this item is of such great importance as to more than offset any gains Europe might have elsewhere.

An additional factor adverse to European buying power is of course the necessity which the British Government is under of making large remittances to meet interest and amortize the principal of her debt to the United States Government - a factor which did not exist during the calendar year 1922.

Unless the Ruhr situation is very speedily cleared up and a definite turn for the better takes place in Europe, it appears highly probable that Europe will have less buying power in our markets during the next crop year than she had during the last.

Committee: H. G. Moulton, Chairman.
B. M. Anderson, Jr.
H. W. Moorhouse
G. F. Warren

2. COMMITTEE ON DOMESTIC DEMAND

In considering the relation of the American farmer to the present business situation, two facts stand out clearly. The first is that here in the United States we have had a very high level of industrial activity, distribution and consumption. With certain exceptions there is little evidence thus far of any considerable accumulation of goods, either on the shelves of merchants or in the hands of jobbers and producers; and the facts as to the high level of production are clear.

Within the last twelve months, the general level of prices, as reflected in the indices of commodities at wholesale, has been fairly stable, a rising tendency characterizing the early period and a declining tendency the last few months. But this latter might be no more than an indication of the fact that activity in some especial lines had been very heavy and could scarcely be expected to continue at these levels indefinitely. We may recall that there was just such a halt in trade, and some recession in prices, in the summer of 1919.

The second fact is that throughout this period of great prosperity, the prices of most farm products, with the exception of cotton, and latterly of corn, have been abnormally low. The farmer in the marketing of his product has had much more than the manufacturer to meet world conditions and as a result agriculture has not generally shared in the marked recovery of 1922-23 in this country. There is no need to dwell upon this point. Obviously farm products have been affected by other forces than those of domestic demand. It seems clear that the home demand has been near to if not at a maximum. We can scarcely consume more of wheat and meat and other farm products than we have in the last year or more. The farmer can hardly now expect any immediate increase in the domestic demand.

But with the present full volume of employment and high wages, there seems to be an excellent prospect for large buying by the ultimate consumer and a strong domestic demand for farm produce. Furthermore, our credit position appears unusually strong and more than equal to any demands which may be made upon it in the crop-moving season. There is no present prospect of any money stringency, nor of a rise in interest rates sufficient to affect business or the farmer unfavorably.

But the bane of the farming industry is that it cannot, or does not, like factory production, adjust itself quickly and easily to the ever changing economic situation. The war brought a great stimulus to farm production and that effect still survives.

The figures collected by the Bureau of Agricultural Economics show strong correlation between the prices of some types of farm produce, such as hogs, and the average prices of commodities at wholesale. This being the case it follows that the prosperity of the farmer is not distinct from that of the urban dweller.

The domestic demand has been very heavy. Should a depression develop during the next year or two in urban industries it follows then that the farmer will feel the effects to some extent. But probability of a severe depression in the near future seems to be slight. Any lessening in the industrial activity that may occur will, however, doubtless be accompanied by a reduced demand for choice cuts of meat, early vegetables, and more expensive fruits, milk, butter, etc. On the other hand it will not decrease but may even increase the demand for the cheaper grades of food.

While it is probable that there may be a somewhat lower demand for expensive foodstuffs within the next year or two, it does not necessarily follow that we are to expect a sharp decline in the average prices for farm products, the reason being that available data clearly show that supply as well as demand has a great influence upon farm prices. During the last five years certain forces have combined ~~to~~ to increase the supply^{so} that the price level of farm products has been kept below that representing other commodities. The chances are that this situation has generated offsetting forces tending to drive these prices back toward their former relative positions, thus improving the position of the farmer. Among such forces is the migration of agricultural population to the city. There has recently been a distinct acceleration in this movement. This movement will, in the long run, add to the urban demand for foodstuffs and will eventually lessen the supply of farm produce, thus tending to establish a more normal relationship between agricultural and other prices.

Committee: Carl Snyder, Chairman.
W. I. King
W. W. Stewart

3. COMMITTEE ON THE CORN - HOG SITUATION

Heavy Hog Production

From November 1, 1922 to July 1, 1923 more hogs were marketed than in any other like period in history, -- 30 per cent above the corresponding period the previous year and 60 per cent above the corresponding period for 1909-13. This unusually heavy marketing reflected the large number of pigs farrowed in the spring of 1922.

The special government hog report of June 1 indicates that in the spring of 1923 there was one per cent more spring pigs saved in the entire United States than there were in 1922; while in the corn belt there were 6 per cent more spring pigs saved. Furthermore the report indicates that the farmers have bred sufficient sows to increase materially their number of fall pigs over the very large fall pig crop of a year ago. However, recent developments may cause farmers to market during July and August a considerable number of sows bred for fall litters.

Corn Surplus Wiped Out

The corn crops of the past three years have been unusually heavy and the price has been very low. To utilize the large surplus of cheap corn, hog production has been greatly expanded. This increase in hog production has now cleaned up the unusual surplus with the result that the stocks of 1922 corn on farms at present are about the prewar average and corn prices have recovered from their extremely low point. Present prospects are for a normal 1923 corn crop.

In view of probable continued heavy hog production and barring either an unusual cholera outbreak or a marked improvement in the corn crop prospects during late July and August, a corn shortage may develop by the summer of 1924.

Hog Prices Low in Terms of Corn.

The history of the past fifty years indicates that there is a rough general tendency toward over production and under production of hogs in cycles of about two years from the high point to the low point and two years from the low to the high. From the fall of 1920 until the fall of 1922 hog prices were high in terms of corn. This high corn-hog ratio stimulated heavy breeding with the results that hog prices fell until now they are 25 per cent below their 50-year ratio with corn. From the spring of 1922 to the mid-summer of 1923 the corn-hog ratio declined from approximately 18 to 8 bushels. In spite of this sharp decline during the past year heavy breeding has continued with the prospect that the unfavorable corn-hog ratio of the past six months will last into 1924.

Unexpected Volume of Foreign Trade.

Our export trade takes approximately 10% of our total production of pork products. During the first five months of 1923 the European nations have taken a decidedly larger percentage of our pork products at a higher price than would have seemed probable last January. England and Germany still remain our principal customers, with relatively large quantities going to Belgium and the Netherlands. Should Great Britain keep up the rate of bacon, ham and shoulder imports she maintained during the first five months of 1923, our exports to her during the year would be slightly in excess of 1922. Her imports of lard, however, have decreased. There has been a lessening in her demand the last few weeks that throws doubt as to what her totals for the year will be. Since her general import trade has been very "spotty," the present inactivity may prove unimportant. On the other hand, Germany to a large degree, and Belgium, the Netherlands and Cuba to a lesser degree, have taken greater volume of lard than at any time during the post-war years. During the first five months of 1923 a total of 823 million pounds of pork products moved out of the United States, which is approximately two and one-half times the average of the corresponding months of 1909-13, and one-fourth greater than the average of the war period, 1914-1918.

Good Domestic Demand for Pork

At the time of this meeting the figures on total cold storage holdings of July 1 are not available. On June 1, there were in public cold storage warehouses and in packing establishments, 906 million pounds of pork as compared to 636 million pounds June 1, 1922, (a year notable for its light stocks) and also as compared to an average of 879 million pounds for the five years, 1918-1922 inclusive. That there was a reasonable reduction in these stocks by July 1 is evidenced by the fact that holdings in seven principal western cities declined from 372 to 355 million pounds, or 4.6 per cent. Since in spite of a 30 per cent increase in hog marketings, the total stocks of the country were only 3 per cent above the last five-year average on June 1, there seems to be nothing seriously alarming in the pork storage situation.

Lard is even more encouraging. On June 1 the stocks on hand were 85 million pounds, while the total on June 1, 1922 was 124 million pounds and the five-year average, 1918-22 inclusive, was 129 million pounds. In the face of the large number of hogs as compared to the corn crop and the probability that this will result in thin hogs, the lard outlook is quite favorable.

Based on Federal inspected slaughter for the first five months of 1923 the excess of consumption over the same period in 1922 is apparently 28 per cent. From the per capita standpoint our population has already eaten 5.2 pounds more than in the same months of 1922, and if this advantage is even reasonably maintained we may expect the annual per capita figure to approach 85 pounds, an amount exceeded only once in the history of Federal meat inspections (fifteen years ago).

This heavy consumption may be expected without a further serious decline in prices, since the active employment of labor has supported the pork market far beyond what one might have expected on the basis of the heavy hog production, and there is no suggestion of a serious reduction of employment conditions before the last of the 1922 pig crop is marketed.

The Future Outlook

While the foregoing situation indicates that the last of the 1922 hog crop will be readily absorbed by the present market due to the favorable industrial conditions and full employment of labor, the selling of this year's pig crop at a price on a level with the crop of 1922 is more problematical, and will depend on the continuance of active employment of labor and a favorable condition of the European market. The maintenance of the very heavy rate of hog production of the past year does not seem to be warranted by the corn situation.

Committee: H. A. Wallace, Chairman.
E. N. Wentworth
F. A. Pearson
E. G. Nourse.

4. COMMITTEE ON THE WHEAT SITUATION.

The best data available indicate a current wheat crop for the northern hemisphere moderately larger than that for 1922 for the same territory. The increase represents only a small percentage and might be wiped entirely out or increased by later developments in North American spring wheat or in the 1923-24 coming harvests in Australia and Argentina. On the other hand, the carryover stocks for both importing and exporting countries are apparently not greatly changed from last year.

The estimated production of wheat in the United States in 1923, based on July 1 condition, is now placed at 821 million bushels, compared with 862 million bushels produced last year, or a decrease of 41 million bushels. The pre-war average production, 1909-13, was 690 million bushels.

The Canadian crop last year was approximately 400 million bushels. Information from reliable sources, including private crop reports, indicates the production this year may range from considerably below last year's production to somewhat above it. The average pre-war production of Canada was 197 million bushels.

The net exports from the United States of wheat and flour for the year ending June 30, 1923, were about 200 million bushels compared with 262 million bushels for the previous year and a pre-war average annual net export of 100 million bushels.

For Canada for the eleven months ending June 1, the exports were about 249 million bushels compared with 165 million bushels for the same period the preceding year, or an increase of 84 million bushels. The pre-war five-year average exports from Canada were 90 million bushels. The total exports from the United States and Canada in 1922-23 have been, therefore, about 22 million bushels more than for the preceding year.

The total stocks of wheat in the United States, including farm stocks, local mills and elevators, and commercial visible, as of June 30, are estimated to be 98 million bushels compared with 78,700,000 bushels a year ago, or an increase of about 19 million bushels, while the Canadian visible stocks as reported are nearly 5 million bushels less, leaving an increase in stocks for North America of about 14 million bushels.

The total acreage of wheat in 11 countries in Europe this year, representing about 83 per cent of the 1922 acreage harvested in Europe, exclusive of Russia, is reported at 52,180,000 acres compared with 51,449,000 acres a year ago, with a total production this year roughly estimated from present crop conditions of 939 million bushels, compared with 821 million bushels last year, or an increase of 118 million bushels. The total wheat crop in Europe last year was about 200 million bushels below the previous year. In North Africa the production in four countries is estimated from present conditions at 96 million bushels compared with 71 million bushels last year, or an increase of 25 million bushels. In India and Japan, the production is estimated at 428 million bushels com-

pared with 394 million bushels a year ago, an increase of about 34 million bushels.

The increase in production this year in the Northern Hemisphere, exclusive of Russia, is now estimated at around 136 million bushels. The final outturn of the crop, much of which is still growing, may be considerably less than this figure, and possibly, with favorable weather conditions, somewhat more.

The crop harvested in Argentina and Australia last winter was reported to be approximately 298 million bushels compared to 310 million bushels the preceding year, or a decrease of 12 million bushels. These countries are now seeding for next winter's harvest, and the best available information indicates that the acreage will be approximately the same as last year.

While European production is estimated as higher than in 1922, it should be borne in mind that the 1922 production was 200 million bushels less than in 1921, so that the increase this year which is now forecasted is not likely to bring Europe's production up to the total of two years ago. It is to be noted that in spite of this deficiency in production in Europe, amounting to 200 million bushels, European imports have been increased by not more than 50 million bushels during the year just closed. This difference between crop deficit and increased imports apparently has been made up by, first, greater rye and potato consumption, second, closer milling extraction, and third, by a probable reduction of European wheat stocks.

Reports of Russian wheat acreage are numerous and conflicting but the best available estimates indicate that the 1923 areas of wheat and rye are only about one-half the pre-war areas of these crops, whereas the population of Russia is about two-thirds of the pre-war population. With normal pre-war consumption this would admit of little or no export. Lack of farm animals, machinery and fertilizer, together with poor transportation, are factors that indicate that Russia will not export grain in large quantities in the immediate future.

An analysis of the domestic wheat situation indicates that the disappearance of wheat in the United States has decidedly increased during the year just passed compared with the disappearance the previous year, the disappearance having increased from about 454 million bushels to 517 million bushels this year. The average disappearance 1911-12 to 1920-21 was 501 million bushels.

Details of this analysis are as follows:

Total supply for the year 969,882,000 bu.
made up as follows:

Stocks on farms July 1, 1922	32,359,000
Stocks in local mills and elevators	28,631,000
Commercial visible (Chgo. Board of Trade)	17,700,000
Stocks of flour (in terms of wheat)	7,461,000
Imports, including flour to June 30	21,640,000
Crop of 1922	<u>862,091,000</u>
Total supply	969,882,000

Distribution:

Estimated seed requirements	89,537,000
Feed and loss (2% of crop)	17,242,000
Exports July 1 to June 30	222,000,000
Carryover July 1, 1923:	

On farms	35,634,000
In local mills and elevators	36,458,000
Commercial visible (Chgo. Board Trade)	26,000,000
Flour (in terms of wheat)	<u>8,500,000</u>
Total	<u>453,371,000</u>
Disappearance	<u>516,511,000</u>

Total Accounted for 969,882,000 bu.

Owing to the world war there was an enormous increase in the wheat acreage of the world outside of Russia, and the Danubian countries. Before the war, Russia, Rumania and Bulgaria exported more than 200,000,000 bushels of wheat annually, or about thirty per cent of the total wheat exported by exporting countries. Owing to the isolation of these sources of supply during the war, wheat acreages in the other principal exporting countries, namely, the United States, Canada, Argentina and Australia, greatly increased. The average acreage for the two years 1918 and 1919 was 142 million acres compared with 109 million acres in the five pre-war years, 1909-13, or an increase of about thirty per cent. Since the war the total acreage in these exporting countries has decreased very slightly, being 137 million acres in 1923 as shown by the following table:

	<u>Pre-war</u> <u>1909-1913</u>	<u>War Peak</u> <u>1918-1919</u>	<u>1923</u>
United States	47,097	67,437	53,253
Canada	9,945	18,240	22,165
Argentina	15,799	17,425	16,081
Australia	6,798	8,882	9,804
India	29,043	29,642	<u>30,492</u>
	108,682	141,626	136,795

These five exporting countries are growing 28 million more acres of wheat in 1923 than they grew in the pre-war period 1909-13. This considerably more than replaces the pre-war exports from Russia and the Danube.

The five principal importing countries of Europe, namely, United Kingdom, Italy, Germany, France and the Netherlands, whose average pre-war acreage, 1909-13 was 34 million 500 thousand acres are now growing about 31 million acres, having recovered from the low point of 26 million acres reached during the war.

Preliminary reports from the Argentine and Australia indicate an acreage now being seeded at least equal to that of a year ago. The Canadian acreage is now far beyond the wartime figure and will probably continue to increase with the further development of the Prairie provinces.

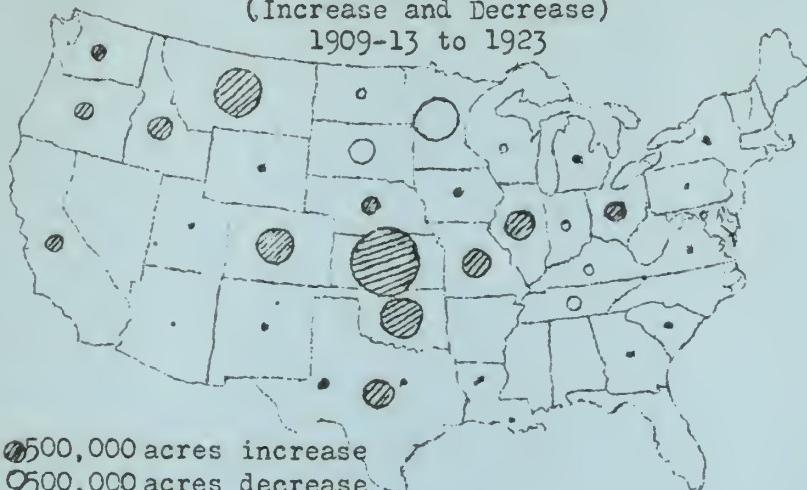
The winter wheat acreage of the United States abandoned in 1923 was 14.3% of the area seeded as compared with the 1913-1922 ten-year average abandonment of 9.8%. If the abandonment this year had been no more than the ten-year average, the wheat harvested would be increased by more than two million acres. This would make the area harvested only slightly less than that of last year, indicating that much of the reduction in area to be harvested in the United States in 1923 is due to weather conditions rather than the voluntary reduction of acreage on the part of producers. The area seeded to wheat in the fall of 1922 was 46,069,000 acres and has been exceeded but twice, 47,611,000 acres being seeded in the fall of 1921 and 51,483,000 acres in the fall of 1918. When compared with the five-year pre-war average (1909-13) of 32,088,000 acres seeded, the decided expansion (14 million acres) in winter wheat is very significant.

The expansion in the wheat area of the chief exporting countries, coupled with the decreased buying power of Western Europe, is responsible for the price situation which now prevails. This suggests that a further reduction in winter wheat acreage must be made before satisfactory prices are possible.

Significant changes have taken place in the European methods of purchasing our wheat. Before the war, wheat was bought in large quantities shortly after harvest either for immediate or forward shipment. Owing to the straitened financial conditions of European consumers and difficulties incident to fluctuating exchange there has developed a tendency to purchase more largely on a hand-to-mouth basis. This increases dependence upon American storage and financing facilities and suggests the necessity of action upon the part of producers, bankers and handlers looking toward a more gradual movement from the farms to meet the new methods of foreign purchase.

Committee: F. J. Ebersole, Chairman.
B. W. Snow
W. E. Grimes
H. E. Anderson

WHEAT ACREAGE PLANTED
(Increase and Decrease)
1909-13 to 1923

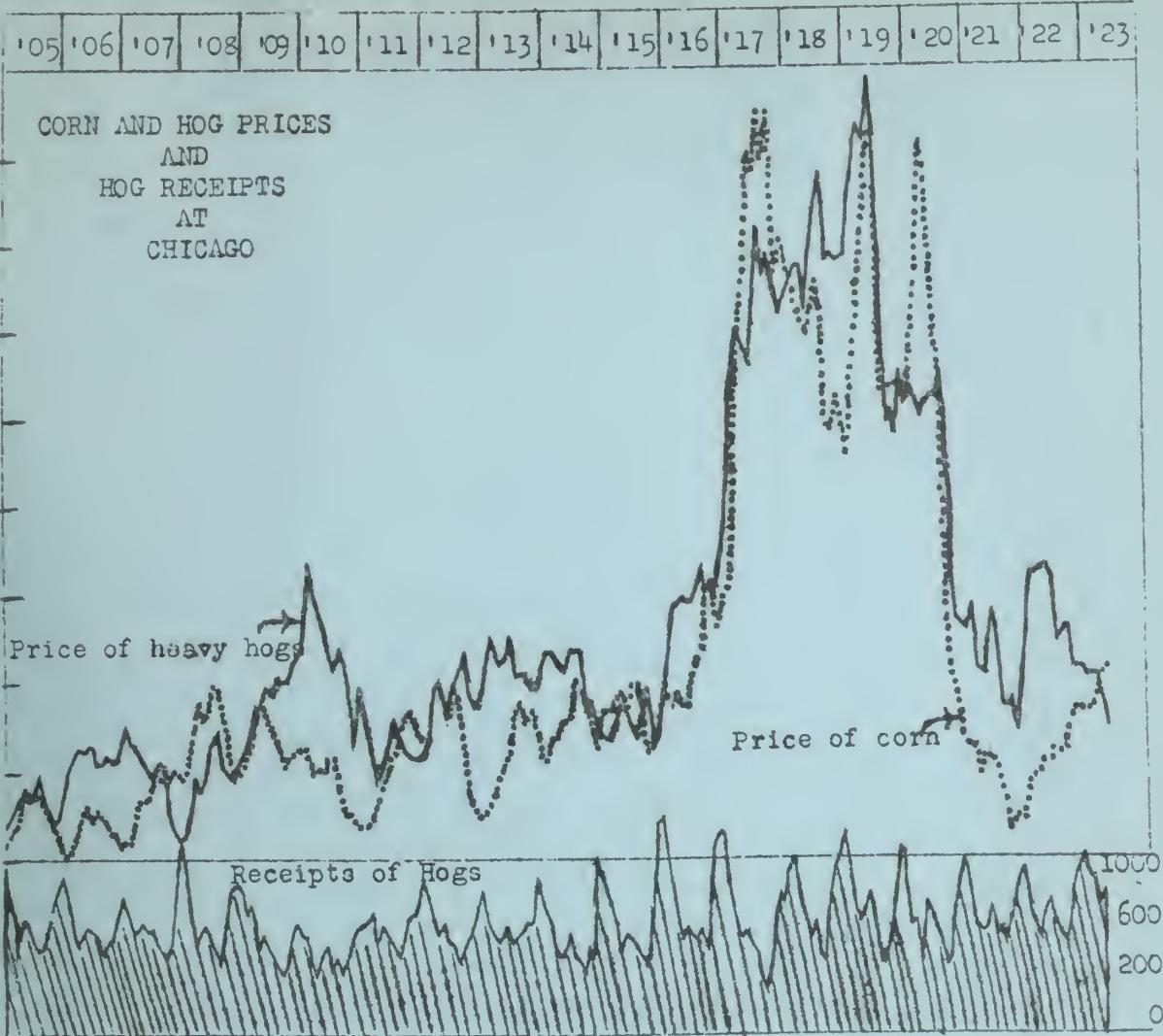


WHEAT ACREAGE PLANTED.
Increase and Decrease 1909-1913 to 1923.(000 omitted.)

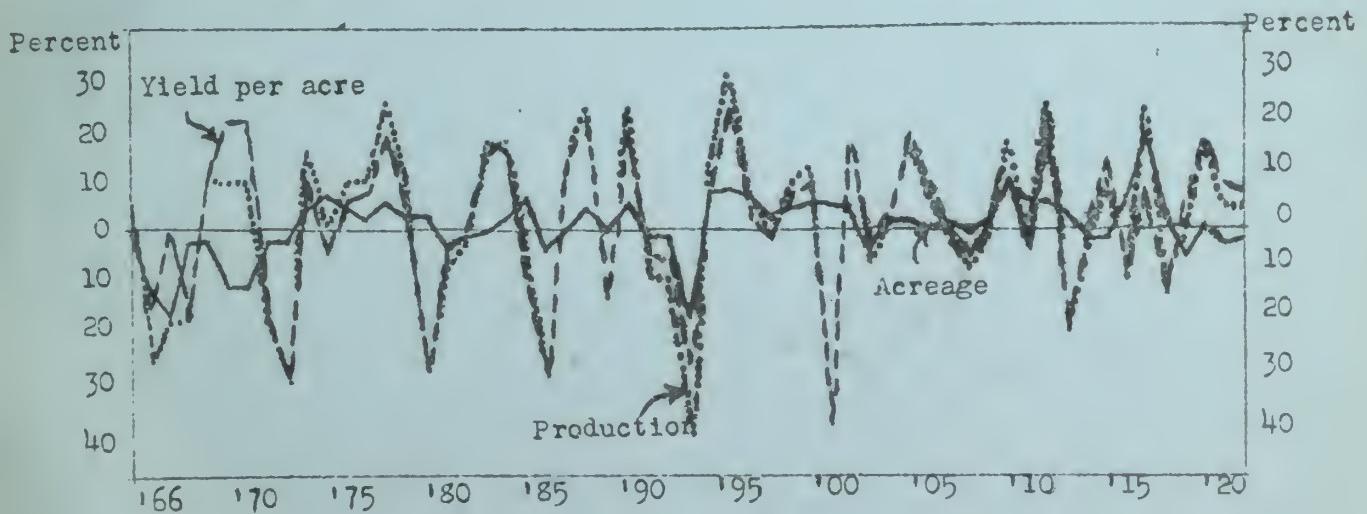
State	1923		State	1923	
	Increase (+)	Decrease (-)		Increase (+)	Decrease (-)
	:	:		:	:
Maine	+ 7		South Dakota ..	- 774	
Vermont	+ 7		Nebraska ...	+ 372	
New York	+ 103		Kansas	+ 5,408	
New Jersey	- 11		Kentucky	- 138	
Pennsylvania	+ 37		Tennessee ..	- 265	
Delaware	- 11		Alabama	- 5	
Maryland	- 59		Mississippi ..	- 1	
Virginia	+ 100		Texas	+ 968	
West Virginia	+ 3		Oklahoma	+ 2,085	
North Carolina ...	+ 11		Arkansas	- 6	
South Carolina ...	+ 104		Montana	+ 2,594	
Georgia	+ 83		Wyoming	+ 103	
Ohio	+ 407		Colorado	+ 1,506	
Indiana	- 112		New Mexico..	+ 87	
Illinois	+ 1,013		Arizona	+ 20	
Michigan	+ 79		Utah	+ 43	
Wisconsin	- 34		Nevada	- 12	
Minnesota	- 2,302		Idaho	+ 606	
Iowa	+ 164		Washington..	+ 254	
Missouri	+ 799		Oregon	+ 343	
North Dakota	- 155		California..	+ 323	
United States				+ 13,744	

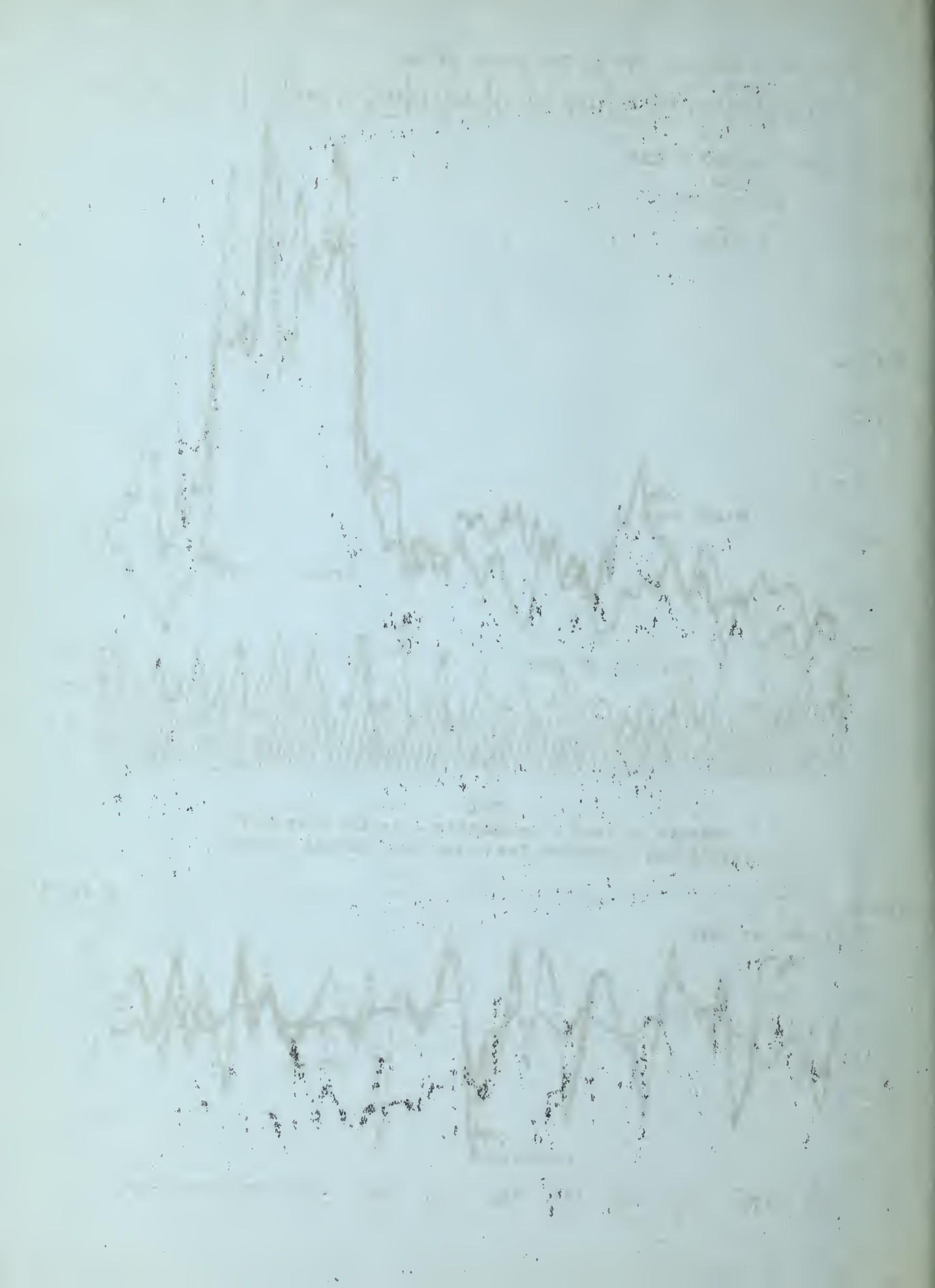
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Price of 10 bushels corn or 100 pounds of hog.



CORN
Acreage - Yield - Production - in the Corn Belt
Percentage deviation from nine year moving average





1.9 U.S.D.A. Bureau

ECNAE The agricultu

